

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001

REVIEW OF NONPOSTAL SERVICES

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Docket No. MC2008-1

**REPLY COMMENTS OF MAXIM LESUR, WORLDWIDE POSTAL INDUSTRY MANAGING
DIRECTOR FOR MICROSOFT CORPORATION**

This statement is written by Maxim Lesur, Worldwide Postal Industry Managing Director at Microsoft Corporation. It responds to the statements filed on July 30, 2008, by Digistamp Inc. (Rick Borger) and Epostmarks, Inc. (Adam Grossman).

Founded in 1975, Microsoft (Nasdaq "MSFT") is a worldwide leader in software, services and solutions that help people and businesses realize their full potential. The Postal Industry vertical practice is part of Microsoft's Worldwide Public Sector covering three major industries: Education, Healthcare and Government. The Postal Industry Vertical was created mid 2006 to support the dramatic transformation the Postal Industry is facing due to multiple external forces including: increasing fuel prices, green trend, and technology substitution of physical mail. The Postal Industry Vertical serves approximately 60 postal organizations around the world.

Posts have been delivering secured communication services in the physical world for centuries, and, with their far-reaching networks and close contact with the world's population, they will probably continue to do so for a long time. However, times have changed: people and businesses now have many ways to communicate. People now take media choices for granted. Senders can choose what communication media, or combination of media, will be the most efficient and have the greatest impact. Recipients are more willing to choose what communications they want to receive and where, how, and in what form they will receive them. Traditional mail is a proven and efficient means of communication, yet there is no doubt that safer, less expensive channels will continue to challenge it.

Today, the key question for postal organization leaders is how to step into the electronic world and combine traditional businesses with new digital opportunities that might seem to cannibalize the traditional business. Many posts have already initiated "e-postal" services with varying degrees of success. We believe there is no better time to address this transformation than the present. Posts are in a unique position to put the trust they have earned in the physical world to use in the digital world. They have the potential to create a safe space where senders and receivers would be authenticated and could

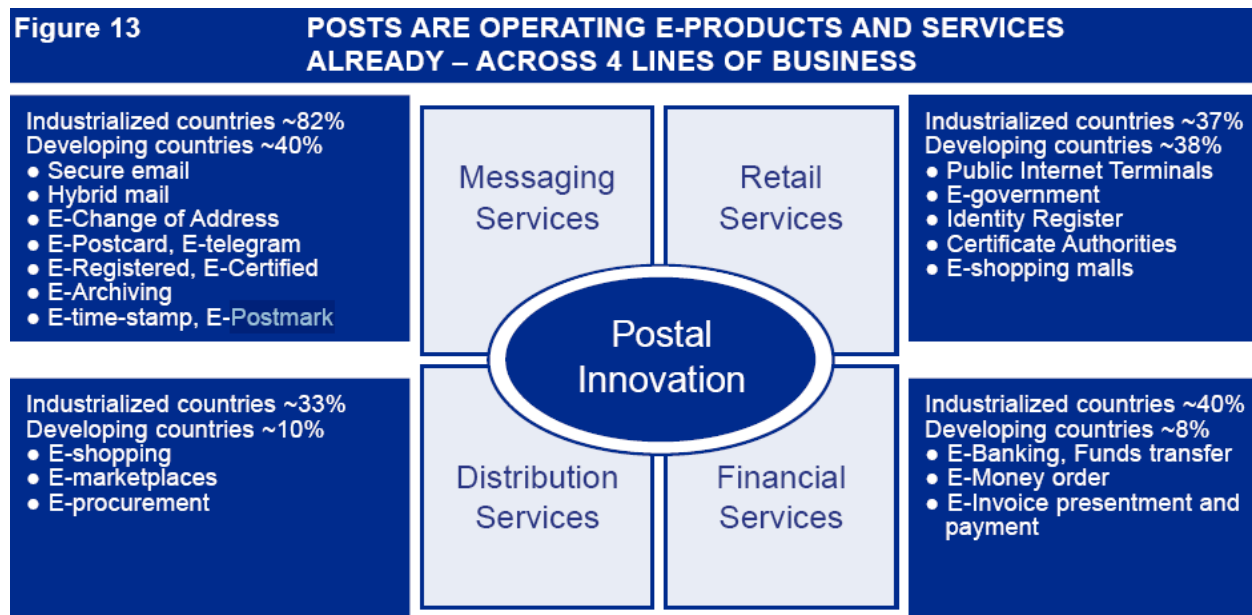
securely transact with the same or an even greater level of trust than that afforded in the physical world.

The intent of this letter is to demonstrate how the Electronic Postmark (EPM) is a key component of the Post of the future just like the actual stamp, timestamp, and envelop are important to the physical mail flow.

THE POSTAL TRANSFORMATION AROUND THE WORLD

It is interesting to observe that the definition of Postal Services varies around the world. Differences are driven by technology that enables Postal Operators to deliver more innovative and convenient services to their customers possibly using the internet as a point of entry to access them.

In a recent report published by the Universal Postal Union in Bern called “The Evolution of the Postal Sector”, the UPU describes the electronic services already deployed by the Postal Operators around the world. The next figure extracted from the report demonstrates the span of innovation and electronic postal services proposed by Postal organizations. The Electronic PostMark is one key service amongst others.



**Based on 2004 Postal Statistics survey conducted by the International Bureau
Source: International Bureau of the UPU, 2006 (Percentages refer to the number of countries in each of the categories)

This figure shows a global diversification trend that has been happening around the world. Most of the Postal Operators not only operate a Mail business but also developed their Parcel/Express, Financial, Retail, and/or Logistics businesses.

As mail volumes will continue to be challenged by alternative communication means, it is vital for the Post to find alternative revenue sources to be able to survive and stay relevant in the future.

EXAMPLE OF A VALUABLE APPLICATION OF THE EPM USAGE

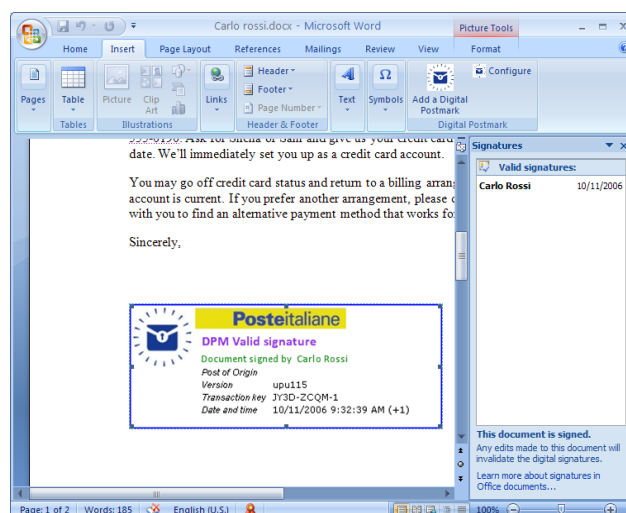
Microsoft is supporting the Postal EPM program and, from the introduction of the EPM, has been working with the Postal community to integrate the Postmark capabilities into its software suite Microsoft Office.

For example,

Microsoft has run up an Electronic Postal Certification Mark (EPCM) for the Universal Postal Union (UPU). Described as a plug-in application, the widgetry will let a user access a postal operator's electronic postmarking service through Microsoft Office. It was demonstrated at the UPU's Congress in Geneva, in August 2008, by Poste Italiane CEO Massimo Sarmini and then turned over to UPU Director General Edouard Dayan. The EPCM will eventually be available to all international postal operators willing to comply with the standard through the UPU. It is supposed to give them interoperability. The Italian Post is backing the push to establish a platform for the development of electronic postal certification and secure services worldwide. Its endorsement led to the engineering of the EPCM plug-in. Sarmini said the Italian government's recognition of the legal equivalence of the EPCM and physical postmark allowed Poste Italiane to create an electronic postmark service based on the EPCM application to certify the exact date and time an electronic document is signed and vouches for the integrity of the document. Both proofs can be stored and verified at any time, and content confidentiality is guaranteed. It has obvious implications for financial and legal documents, Sarmini said.

(Source: e-Postal News, August 11-15 2008, Issue N 408).

The EPCM will allow any Microsoft Office user to apply a Postal Certified Timestamp on a document and seal the document following the UPU standard S43-3. This will allow two parties to exchange legally binding, sensitive documents and digitally sign them from one country to any country in the world. The service has been tested internally by 15 Posts around the world and is ready to be marketed by Postal Operators.



FUTURE OPPORTUNITIES FOR THE POSTAL SECTOR

Scott Charney, Corporate Vice President Trustworthy Computing at Microsoft Corp., in his latest white paper called “Establishing End to End Trust” mentions the role Postal organizations could play in putting mechanisms in place that allow identity claims to be verified.

Much good work has been done to improve the security and privacy of computer users. But a key question remains: As we become increasingly dependent on the Internet for all our daily activities, can we maintain a globally connected, anonymous, untraceable Internet and be dependent on devices that run arbitrary code of unknown provenance? If the answer to that is “no,” then we need to create a more authenticated and audited Internet environment—one in which people have the information they need to make good trust choices.

(Source: Establishing End to End Trust, By Scott Charney, Corporate Vice President, Trustworthy Computing, Microsoft Corp., 2008)

In a world where technology is at the center of most of our communications it is vital that Postal Operators can explore and deploy innovative solutions that respond to evolving customer needs for cheaper, faster, greener and secured trusted electronic postal related transaction. The public has a compelling need to combine the Post’s traditional businesses with new opportunities, and we believe there is no better time to accelerate this transformation. By putting the trust they have earned in the physical world to use in the digital world, Posts can create a space where senders and receivers can transact online easily and securely.

CONCLUSION

With this letter, Maxim Lesur, Worldwide Postal Industry Managing Director for Microsoft Corporation asks the Postal Regulatory Commission to encourage the USPS to continue the EPM program as we believe that it is a critical building block of the Postal Service of the future. The EPM enables the USPS to meet the public need for trusted electronic communication in a way that no private sector organization could rival.

Respectfully submitted,

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